

1                   **TAX CREDIT FOR ALTERNATIVE FUEL VEHICLES**

2                                   2022 GENERAL SESSION

3                                   STATE OF UTAH

4                           **Chief Sponsor: Suzanne Harrison**

5                           Senate Sponsor: \_\_\_\_\_

---

---

7   **LONG TITLE**

8   **General Description:**

9           This bill enacts income tax credits for the purchase or lease of an alternative fuel  
10 vehicle.

11 **Highlighted Provisions:**

12           This bill:

- 13           ▶ defines terms;
- 14           ▶ enacts a nonrefundable corporate and individual income tax credit for the purchase  
15 or lease of an alternative fuel vehicle;
- 16           ▶ provides a process for a taxpayer to assign a tax credit to the dealer;
- 17           ▶ requires the Air Quality Board to create a form to facilitate assignment of the tax  
18 credit; and
- 19           ▶ sets a termination date for the credit but requires legislative review before the  
20 termination date.

21 **Money Appropriated in this Bill:**

22           None

23 **Other Special Clauses:**

24           None

25 **Utah Code Sections Affected:**

26 AMENDS:

27           **19-2-104**, as last amended by Laws of Utah 2020, Chapter 354



28 **63I-2-259**, as last amended by Laws of Utah 2021, Chapter 370

29 ENACTS:

30 **59-7-627**, Utah Code Annotated 1953

31 **59-10-1044**, Utah Code Annotated 1953



33 *Be it enacted by the Legislature of the state of Utah:*

34 Section 1. Section **19-2-104** is amended to read:

35 **19-2-104. Powers of board.**

36 (1) The board may make rules in accordance with Title 63G, Chapter 3, Utah

37 Administrative Rulemaking Act:

38 (a) regarding the control, abatement, and prevention of air pollution from all sources  
39 and the establishment of the maximum quantity of air pollutants that may be emitted by an air  
40 pollutant source;

41 (b) establishing air quality standards;

42 (c) requiring persons engaged in operations that result in air pollution to:

43 (i) install, maintain, and use emission monitoring devices, as the board finds necessary;

44 (ii) file periodic reports containing information relating to the rate, period of emission,  
45 and composition of the air pollutant; and

46 (iii) provide access to records relating to emissions which cause or contribute to air  
47 pollution;

48 (d) (i) implementing:

49 (A) Toxic Substances Control Act, Subchapter II, Asbestos Hazard Emergency  
50 Response, 15 U.S.C. 2601 et seq.;

51 (B) 40 C.F.R. Part 763, Asbestos; and

52 (C) 40 C.F.R. Part 61, National Emission Standards for Hazardous Air Pollutants,  
53 Subpart M, National Emission Standard for Asbestos; and

54 (ii) reviewing and approving asbestos management plans submitted by local education  
55 agencies under the Toxic Substances Control Act, Subchapter II, Asbestos Hazard Emergency  
56 Response, 15 U.S.C. 2601 et seq.;

57 (e) establishing a requirement for a diesel emission opacity inspection and maintenance  
58 program for diesel-powered motor vehicles;

59 (f) implementing an operating permit program as required by and in conformity with  
60 Titles IV and V of the federal Clean Air Act Amendments of 1990;

61 (g) establishing requirements for county emissions inspection and maintenance  
62 programs after obtaining agreement from the counties that would be affected by the  
63 requirements;

64 (h) with the approval of the governor, implementing in air quality nonattainment areas  
65 employer-based trip reduction programs applicable to businesses having more than 100  
66 employees at a single location and applicable to federal, state, and local governments to the  
67 extent necessary to attain and maintain ambient air quality standards consistent with the state  
68 implementation plan and federal requirements under the standards set forth in Subsection (2);

69 (i) implementing lead-based paint training, certification, and performance requirements  
70 in accordance with 15 U.S.C. 2601 et seq., Toxic Substances Control Act, Subchapter IV --  
71 Lead Exposure Reduction, Sections 402 and 406; and

72 (j) to implement the requirements of Section [19-2-107.5](#).

73 (2) When implementing Subsection (1)(h) the board shall take into consideration:

74 (a) the impact of the business on overall air quality; and

75 (b) the need of the business to use automobiles in order to carry out its business  
76 purposes.

77 (3) (a) The board may:

78 (i) hold a hearing that is not an adjudicative proceeding relating to any aspect of, or  
79 matter in, the administration of this chapter;

80 (ii) recommend that the director:

81 (A) issue orders necessary to enforce the provisions of this chapter;

82 (B) enforce the orders by appropriate administrative and judicial proceedings;

83 (C) institute judicial proceedings to secure compliance with this chapter; or

84 (D) advise, consult, contract, and cooperate with other agencies of the state, local  
85 governments, industries, other states, interstate or interlocal agencies, the federal government,  
86 or interested persons or groups; and

87 (iii) establish certification requirements for asbestos project monitors, which shall  
88 provide for experience-based certification of a person who:

89 (A) receives relevant asbestos training, as defined by rule; and

90 (B) has acquired a minimum of 1,000 hours of asbestos project monitoring related  
91 work experience.

92 (b) The board shall:

93 (i) to ensure compliance with applicable statutes and regulations:

94 (A) review a settlement negotiated by the director in accordance with Subsection  
95 19-2-107(2)(b)(viii) that requires a civil penalty of \$25,000 or more; and

96 (B) approve or disapprove the settlement;

97 (ii) encourage voluntary cooperation by persons and affected groups to achieve the  
98 purposes of this chapter;

99 (iii) meet the requirements of federal air pollution laws;

100 (iv) by rule in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking  
101 Act, establish work practice and certification requirements for persons who:

102 (A) contract for hire to conduct demolition, renovation, salvage, encapsulation work  
103 involving friable asbestos-containing materials, or asbestos inspections if:

104 (I) the contract work is done on a site other than a residential property with four or  
105 fewer units; or

106 (II) the contract work is done on a residential property with four or fewer units where a  
107 tested sample contained greater than 1% of asbestos;

108 (B) conduct work described in Subsection (3)(b)(iv)(A) in areas to which the general  
109 public has unrestrained access or in school buildings that are subject to the federal Asbestos  
110 Hazard Emergency Response Act of 1986;

111 (C) conduct asbestos inspections in facilities subject to 15 U.S.C. 2601 et seq., Toxic  
112 Substances Control Act, Subchapter II - Asbestos Hazard Emergency Response; or

113 (D) conduct lead-based paint inspections in facilities subject to 15 U.S.C. 2601 et seq.,  
114 Toxic Substances Control Act, Subchapter IV -- Lead Exposure Reduction;

115 (v) establish certification requirements for a person required under 15 U.S.C. 2601 et  
116 seq., Toxic Substances Control Act, Subchapter II - Asbestos Hazard Emergency Response, to  
117 be accredited as an inspector, management planner, abatement project designer, asbestos  
118 abatement contractor and supervisor, or an asbestos abatement worker;

119 (vi) establish certification requirements for a person required under 15 U.S.C. 2601 et  
120 seq., Toxic Control Act, Subchapter IV - Lead Exposure Reduction, to be accredited as an

121 inspector, risk assessor, supervisor, project designer, abatement worker, renovator, or dust  
122 sampling technician; ~~and~~

123 (vii) assist the State Board of Education in adopting school bus idling reduction  
124 standards and implementing an idling reduction program in accordance with Section  
125 41-6a-1308[-]; and

126 (viii) on or before January 1, 2023, create a standard election statement for use as  
127 described in Sections [59-7-627](#) and [59-10-1044](#).

128 (4) A rule adopted under this chapter shall be consistent with provisions of federal  
129 laws, if any, relating to control of motor vehicles or motor vehicle emissions.

130 (5) Nothing in this chapter authorizes the board to require installation of or payment for  
131 any monitoring equipment by the owner or operator of a source if the owner or operator has  
132 installed or is operating monitoring equipment that is equivalent to equipment which the board  
133 would require under this section.

134 (6) (a) The board may not require testing for asbestos or related materials on a  
135 residential property with four or fewer units, unless:

136 (i) the property's construction was completed before January 1, 1981; or

137 (ii) the testing is for:

138 (A) a sprayed-on or painted on ceiling treatment that contained or may contain asbestos  
139 fiber;

140 (B) asbestos cement siding or roofing materials;

141 (C) resilient flooring products including vinyl asbestos tile, sheet vinyl products,  
142 resilient flooring backing material, whether attached or unattached, and mastic;

143 (D) thermal-system insulation or tape on a duct or furnace; or

144 (E) vermiculite type insulation materials.

145 (b) A residential property with four or fewer units is subject to an abatement rule made  
146 under Subsection (1) or (3)(b)(iv) if:

147 (i) a sample from the property is tested for asbestos; and

148 (ii) the sample contains asbestos measuring greater than 1%.

149 (7) The board may not issue, amend, renew, modify, revoke, or terminate any of the  
150 following that are subject to the authority granted to the director under Section [19-2-107](#) or  
151 [19-2-108](#):

- 152 (a) a permit;
- 153 (b) a license;
- 154 (c) a registration;
- 155 (d) a certification; or
- 156 (e) another administrative authorization made by the director.

157 (8) A board member may not speak or act for the board unless the board member is  
158 authorized by a majority of a quorum of the board in a vote taken at a meeting of the board.

159 (9) Notwithstanding Subsection (7), the board may exercise all authority granted to the  
160 board by a federally enforceable state implementation plan.

161 Section 2. Section **59-7-627** is enacted to read:

162 **59-7-627. Nonrefundable tax credit for alternative fuel vehicles.**

163 (1) As used in this section:

164 (a) "Board" means the Air Quality Board appointed in accordance with Section  
165 19-2-103.

166 (b) "Committee" means the Revenue and Taxation Interim Committee.

167 (c) "Electric motor vehicle" means the same as that term is defined in Section  
168 41-1a-102.

169 (d) "Election statement" means a form created by the board that:

170 (i) (A) is executed by a purchaser or lessee of a qualifying alternative fuel vehicle; and  
171 (B) the dealer;

172 (ii) identifies the vehicle identification number and the sales price of the qualifying  
173 alternative fuel vehicle; and

174 (iii) affirms that the requirements of Subsection (3) have been met.

175 (e) "Hydrogen vehicle" means a motor vehicle that is powered by hydrogen fuel or a  
176 hydrogen fuel cell.

177 (f) "Lease" means using a qualifying alternative fuel vehicle:

178 (i) for a period of two years or longer; and

179 (ii) according to a contractual arrangement under which a person pays money for the  
180 use.

181 (g) "Motor vehicle" means the same as that term is defined in Section 41-1a-102.

182 (h) (i) "Passenger vehicle" means a motor vehicle that is manufactured primarily for

183 the purpose of carrying passengers.

184 (ii) "Passenger vehicle" does not include a motorcycle.

185 (i) "Plug-in hybrid electric vehicle" means the same as that term is defined in Section  
186 41-1a-102.

187 (j) "Qualifying alternative fuel vehicle" means a new or used electric motor vehicle,  
188 hydrogen vehicle, or plug-in hybrid electric vehicle:

189 (i) that is a passenger vehicle or a motorcycle;

190 (ii) that is purchased or leased on or after January 1, 2023;

191 (iii) that has a sales price of \$55,000 or less;

192 (iv) (A) that is subject to sales and use tax under Chapter 12, Sales and Use Tax Act;

193 and

194 (B) for which the purchaser or lessee did not claim a sales and use tax exemption under  
195 Section 59-12-104; and

196 (v) for which an income tax credit under this section or Section 59-10-1044 has not  
197 previously been claimed.

198 (k) "Qualifying taxpayer" means a taxpayer that has not assigned a tax credit under this  
199 section in accordance with Subsection (3).

200 (l) "Sales price" means:

201 (i) for the purchase of a qualifying alternative fuel vehicle, the price before subtracting:

202 (A) the value of any trade-in vehicle;

203 (B) the amount of a tax credit under this section; and

204 (C) the amount of sales and use tax due under Chapter 12, Sales and Use Tax Act; or

205 (ii) for a lease of a qualifying alternative fuel vehicle, the manufacturer's suggested  
206 retail price.

207 (2) For a taxable year beginning on or after January 1, 2023, but beginning on or before  
208 December 31, 2026, a qualifying taxpayer or a dealer may claim a nonrefundable tax credit for  
209 the purchase or lease of a qualifying alternative fuel vehicle equal to:

210 (a) \$3,000, for the purchase of a new qualifying alternative fuel vehicle that is a  
211 passenger vehicle;

212 (b) \$2,000, for the purchase of a used qualifying alternative fuel vehicle that is a  
213 passenger vehicle;

214 (c) \$1,500, for the purchase of a new qualifying alternative fuel vehicle that is a  
215 motorcycle;

216 (d) \$1,000, for the purchase of a used qualifying alternative fuel vehicle that is a  
217 motorcycle;

218 (e) \$1,500, for the lease of a qualifying alternative fuel vehicle that is a passenger  
219 vehicle; or

220 (f) \$1,000, for the lease of a qualifying alternative fuel vehicle that is a motorcycle.

221 (3) (a) Except as provided in Subsection (3)(b), a taxpayer may not assign a tax credit  
222 under this section to another person.

223 (b) A taxpayer shall assign a tax credit under this section to a dealer as follows:

224 (i) in exchange for the consideration described in Subsection (3)(b)(iv), the taxpayer  
225 shall assign the tax credit to the dealer and forfeit the right to claim the tax credit on the  
226 taxpayer's income tax return;

227 (ii) the taxpayer shall assign the tax credit to the dealer by executing an election  
228 statement at the time of the purchase or lease of a qualifying alternative fuel vehicle;

229 (iii) the taxpayer shall register and title the vehicle in the state as required by Title 41,  
230 Chapter 1a, Part 2, Registration, and Title 41, Chapter 1a, Part 5, Titling Requirement; and

231 (iv) the dealer shall subtract the amount of the applicable tax credit described in  
232 Subsection (2) for the type of qualifying alternative fuel vehicle purchased or leased, minus an  
233 administrative fee equal to or less than \$150, from the purchase or lease price of the vehicle.

234 (c) A dealer shall retain the election statement for the same time period that a person is  
235 required to keep books and records under Section [59-1-1406](#).

236 (4) (a) A qualifying taxpayer that claims a tax credit under this section shall claim the  
237 tax credit for the taxable year in which the qualifying taxpayer purchases or leases the  
238 qualifying alternative fuel vehicle.

239 (b) A qualifying taxpayer may carry forward, for the next three taxable years, the  
240 amount of the tax credit that exceeds the qualifying taxpayer's income tax liability for the  
241 taxable year.

242 (c) A qualifying taxpayer may not carry back the amount of the tax credit that exceeds  
243 the qualifying taxpayer's income tax liability.

244 (5) (a) A dealer may claim a tax credit assigned to the dealer under Subsection (3):

245 (i) against a tax owed under this chapter or Chapter 10, Individual Income Tax Act;  
246 and

247 (ii) for the taxable year in which the taxpayer purchases or leases a qualifying  
248 alternative fuel vehicle.

249 (b) A dealer may carry forward, for the next three taxable years, the amount of the tax  
250 credit that exceeds the dealer's income tax liability for the taxable year.

251 (6) (a) On or after May 1, 2026, but on or before November 30, 2026, the committee  
252 shall review the tax credit described in this section to determine whether the tax credit should  
253 be continued.

254 (b) In conducting the review required under Subsection (6)(a), the committee shall:

255 (i) schedule time on at least one committee agenda to conduct the review;

256 (ii) invite state agencies, individuals, and organizations concerned with the tax credit to  
257 provide testimony; and

258 (iii) ensure that the committee's review includes an evaluation of:

259 (A) the cost of the tax credit to the state;

260 (B) the purpose and effectiveness of the tax credit; and

261 (C) the extent to which the state benefits from the tax credit.

262 Section 3. Section **59-10-1044** is enacted to read:

263 **59-10-1044. Nonrefundable tax credit for alternative fuel vehicles.**

264 (1) As used in this section:

265 (a) "Board" means the Air Quality Board appointed in accordance with Section  
266 19-2-103.

267 (b) "Committee" means the Revenue and Taxation Interim Committee.

268 (c) "Electric motor vehicle" means the same as that term is defined in Section  
269 41-1a-102.

270 (d) "Election statement" means a form created by the board that:

271 (i) (A) is executed by a purchaser or lessee of a qualifying alternative fuel vehicle; and

272 (B) the dealer;

273 (ii) identifies the vehicle identification number and the sales price of the qualifying  
274 alternative fuel vehicle; and

275 (iii) affirms that the requirements of Subsection (3) have been met.

276 (e) "Hydrogen vehicle" means a motor vehicle that is powered by hydrogen fuel or a  
277 hydrogen fuel cell.

278 (f) "Lease" means using a qualifying alternative fuel vehicle:

279 (i) for a period of two years or longer; and

280 (ii) according to a contractual arrangement under which a person pays money for the  
281 use.

282 (g) "Motor vehicle" means the same as that term is defined in Section [41-1a-102](#).

283 (h) (i) "Passenger vehicle" means a motor vehicle that is manufactured primarily for  
284 the purpose of carrying passengers.

285 (ii) "Passenger vehicle" does not include a motorcycle.

286 (i) "Plug-in hybrid electric vehicle" means the same as that term is defined in Section  
287 [41-1a-102](#).

288 (j) "Qualifying alternative fuel vehicle" means a new or used electric motor vehicle,  
289 hydrogen vehicle, or plug-in hybrid electric vehicle:

290 (i) that is a passenger vehicle or a motorcycle;

291 (ii) that is purchased or leased on or after January 1, 2023;

292 (iii) that has a sales price of \$55,000 or less;

293 (iv) (A) that is subject to sales and use tax under Chapter 12, Sales and Use Tax Act;

294 and

295 (B) for which the purchaser or lessee did not claim a sales and use tax exemption under  
296 Subsection [59-12-104](#); and

297 (v) for which an income tax credit under this section or Section [59-7-627](#) has not  
298 previously been claimed.

299 (k) "Qualifying claimant" means a claimant, estate, or trust that has not assigned a tax  
300 credit under this section in accordance with Subsection (3).

301 (l) "Sales price" means:

302 (i) for the purchase of a qualifying alternative fuel vehicle, the price before subtracting:

303 (A) the value of any trade-in vehicle;

304 (B) the amount of a tax credit under this section; and

305 (C) the amount of sales and use tax due under Chapter 12, Sales and Use Tax Act; or

306 (ii) for a lease of a qualifying alternative fuel vehicle, the manufacturer's suggested

307 retail price.

308 (2) For a taxable year beginning on or after January 1, 2023, but beginning on or before  
309 December 31, 2026, a qualifying claimant, estate, or trust or a dealer may claim a  
310 nonrefundable tax credit for the purchase or lease of a qualifying alternative fuel vehicle equal  
311 to:

312 (a) \$3,000, for the purchase of a new qualifying alternative fuel vehicle that is a  
313 passenger vehicle;

314 (b) \$2,000, for the purchase of a used qualifying alternative fuel vehicle that is a  
315 passenger vehicle;

316 (c) \$1,500, for the purchase of a new qualifying alternative fuel vehicle that is a  
317 motorcycle;

318 (d) \$1,000, for the purchase of a used qualifying alternative fuel vehicle that is a  
319 motorcycle;

320 (e) \$1,500, for the lease of a qualifying alternative fuel vehicle that is a passenger  
321 vehicle; or

322 (f) \$1,000, for the lease of a qualifying alternative fuel vehicle that is a motorcycle.

323 (3) (a) Except as provided in Subsection (3)(b), a claimant, estate, or trust may not  
324 assign a tax credit under this section to another person.

325 (b) A claimant, estate, or trust shall assign a tax credit under this section to a dealer as  
326 follows:

327 (i) in exchange for the consideration described in Subsection (3)(b)(iv), the claimant,  
328 estate, or trust shall assign the tax credit to the dealer and forfeit the right to claim the tax credit  
329 on the claimant's, estate's, or trust's income tax return;

330 (ii) the claimant, estate, or trust shall assign the tax credit to the dealer by executing an  
331 election statement at the time of the purchase or lease of a qualifying alternative fuel vehicle;

332 (iii) the claimant, estate, or trust shall register and title the vehicle in the state as  
333 required by Title 41, Chapter 1a, Part 2, Registration, and Title 41, Chapter 1a, Part 5, Titling  
334 Requirement; and

335 (iv) the dealer shall subtract the amount of the applicable tax credit described in  
336 Subsection (2) for the type of qualifying alternative fuel vehicle purchased or leased, minus an  
337 administrative fee equal to or less than \$150, from the purchase or lease price of the vehicle.

338 (4) (a) A qualifying claimant that claims a tax credit under this section shall claim the  
339 tax credit for the taxable year in which the qualifying claimant purchases or leases the  
340 qualifying alternative fuel vehicle.

341 (b) A qualifying claimant may carry forward, for the next three taxable years, the  
342 amount of the tax credit that exceeds the qualifying claimant's income tax liability for the  
343 taxable year.

344 (c) A qualifying claimant may not carry back the amount of the tax credit that exceeds  
345 the qualifying claimant's income tax liability.

346 (5) (a) A dealer may claim a tax credit assigned to the dealer under Subsection (3):

347 (i) against a tax owed under this chapter or Chapter 7, Corporate Franchise and Income  
348 Taxes; and

349 (ii) for the taxable year in which the claimant, estate, or trust purchases or leases a  
350 qualifying alternative fuel vehicle.

351 (b) A dealer may carry forward, for the next three taxable years, the amount of the tax  
352 credit that exceeds the dealer's income tax liability for the taxable year.

353 (6) (a) On or after May 1, 2026, but on or before November 30, 2026, the committee  
354 shall review the tax credit described in this section to determine whether the tax credit should  
355 be continued.

356 (b) In conducting the review required under Subsection (6)(a), the committee shall:

357 (i) schedule time on at least one committee agenda to conduct the review;

358 (ii) invite state agencies, individuals, and organizations concerned with the tax credit to  
359 provide testimony; and

360 (iii) ensure that the committee's review includes an evaluation of:

361 (A) the cost of the tax credit to the state;

362 (B) the purpose and effectiveness of the tax credit; and

363 (C) the extent to which the state benefits from the tax credit.

364 Section 4. Section **63I-2-259** is amended to read:

365 **63I-2-259. Repeal dates -- Title 59.**

366 (1) In Section **59-2-926**, the language that states "applicable" and "or **53F-2-301.5**" is  
367 repealed July 1, 2023.

368 [~~(2) Subsection **59-7-106**(1)(w) is repealed December 31, 2021.~~]

- 369            [~~(3) Section 59-7-620 is repealed December 31, 2021.~~]
- 370            [~~(4) Subsection 59-10-114(2)(j) is repealed December 31, 2021.~~]
- 371            (2) Section 59-7-627 is repealed December 31, 2028.
- 372            (3) Section 59-10-1044 is repealed December 31, 2028.